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TELEPHONE: 202 628-6600 · FACSIMILE: 202 434-1690

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OCT 28 10 33 AM '98

October 28, 1998

MUR 4839

Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

**Re: Illegal Campaign Ads**

Dear Commissioners:

On behalf of the Democratic Congressional Campaign Committee and the Missouri Democratic Party, we file this supplement to a complaint filed on October 26, 1998. The original complaint alleged violations of the campaign laws by Kenny Hulshof, the Republican candidate for the U.S. House of Representatives in the 9th Congressional District of Missouri, and his principal campaign committee, Bill Federer, the Republican candidate for the U.S. House of Representatives in the 3rd Congressional District of Missouri, and his principal campaign committee, Chuck Pierce, the Republican candidate for State Auditor in Missouri, and possibly other federal candidates unknown at this time (hereinafter referred to as "Respondents").

This supplemental information will demonstrate conclusively that Respondents have violated the Federal Election Campaign Act of 1971, as amended ("FECA") and the Federal Election Commission ("FEC") regulations implementing that Act, by making and accepting excessive contributions using funds from prohibited sources.

**Additional Information**

As stated in the original complaint, the Republican candidate for State Auditor has purchased numerous 30-second spots valued at more than \$65,000 for the St. Louis media market. When the advertisements run for these spots, however, they consist of a 15-second spot for the Auditor candidate and a 15-second spot for the Republican Congressional candidates. Each of the 15-second spots originally had a different disclaimer.

[04031-0044/DA983000.057]

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In press reports today, the candidates involved admit that their reason for running the spots in this shared manner is to save money. The Hulshof campaign manager is quoted as saying that "[i]t stretches our campaign dollars and allows Kenny to be on St. Louis television more." The St. Louis Post Dispatch wrote:

All sides agree the practice allowed the two congressional candidates to save money, because purchasing 15-second spots individually is more expensive than [sic] splitting the cost of a 30-second time spot.

It has also come to our attention that some of the stations, specifically KSDK-TV, have required the disclaimers on the ads to be modified to reflect that the single political committee paid for the spot. The 30-second spots purchased by the State Auditor candidate's committee now contain a disclaimer that the entire ad was paid by the State Auditor candidate's committee. The content of the ads, however, still include the 15-second advertisement for the federal candidates.

This confirms beyond question the allegation in the original complaint that the State Auditor candidate has violated federal law by making excessive contributions to the federal candidates using funds that are not lawful under federal law.

One of the articles published today contains an attempt at an explanation from the Federer campaign that they "made some payments to the station and some payments to Pierce's campaign." Campaign reports filed by the Pierce campaign reflect no payments by federal candidates. Nor would any payment be sufficient to remedy the original violation: the initial payment by a nonfederal committee for time used by the federal candidate constitutes an unlawful advance in violation of the contribution limits and source restrictions.

As noted in the original complaint, these purchases by Mr. Pierce, in excess of the contribution limits and from prohibited sources, are illegal contributions in-kind to

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the federal candidates. We ask again that the Federal Election Commission conduct an immediate investigation into this matter and take all steps necessary to halt these illegal contributions.

Very truly yours,



Judith L. Corley  
Counsel to the Democratic Congressional  
Campaign Committee and the Missouri  
Democratic Party

STATE OF Washington, D.C.

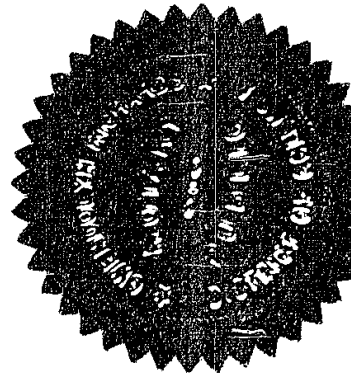
County of \_\_\_\_\_ )

SUBSCRIBED AND SWORN to before me this 28<sup>th</sup> day of October, 1998.

  
Notary Public

My Commission Expires:

My Commission Expires February 14, 2002



# Democrats cry foul as state GOP auditor hopeful sells his TV ad time to two other candidates

36 PD  
2/27/98  
BY BILL BELL JR.  
AND JO MANNERS  
Of the Post-Dispatch

The Missouri Democratic Party has filed complaints with two federal agencies alleging that GOP state auditor candidate Chuck Pierce purchased ad time on St. Louis TV stations then illegally resold it to two other Republican candidates.

The candidates say the practice is legal. The federal agencies say they're not sure.

The complaints, filed with the Federal Election Commission and the Federal Communications Commission, say Pierce sold air time to two candidates for Congress: Rep. Kenny Hulshof, R-Columbia, and William J. Federer, of Oakville, who is running against House Minority Leader Richard A. Gephardt, D-St. Louis County.

State Democratic Party chairman Joe Carmichael said Pierce bought time for 30-second ads with St. Louis television stations. Pierce then allowed Hulshof and Federer to run 15-second ads in his time slots.

All sides agree the practice allowed the two congressional candidates to save money, because purchasing 15-second spots

individually is more expensive than splitting the cost of a 30-second time spot.

An FEC spokeswoman, speaking in general, said such a transfer may be illegal if the congressional candidates saved money.

The state Democratic Party said the deal amounted to a gift from Pierce that could exceed the \$1,000 donation limit to congressional candidates set by federal election law.

Carmichael said the swap also was illegal because congressional candidates cannot accept money from state candidates or from corporations. Because Missouri candidates are not covered by such restrictions, some of Pierce's money comes from corporations.

Eric Feltner, Hulshof's campaign manager, said the candidates shared air time to save money. The practice has been common among state Republican candidates, he said: "We're not stupid. We understand the law."

Federer spokesman Steve Boriss said the deal involved air time on KSDK, Channel 5.

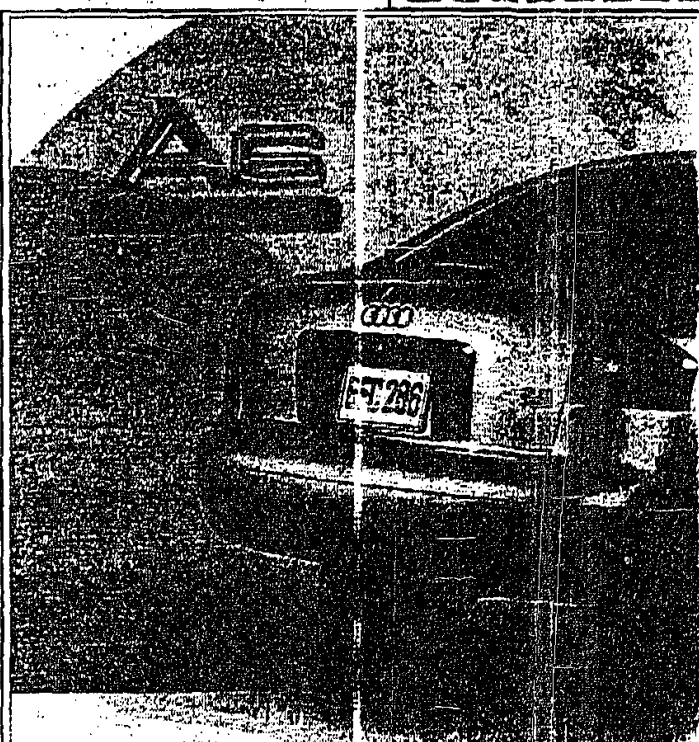
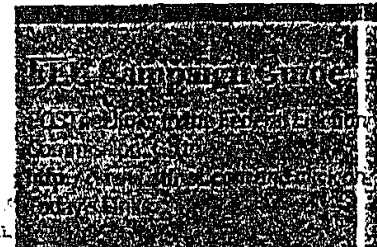
"A lawyer for the FCC assured the station and us that it was legal," Boriss said.

Federer made some payments to the station and some payments to

Pierce's campaign, he added.

The FCC lawyer whom Boriss cited, Bobby Baker, said Monday that he is not sure that the shared ad time was legal. "I don't know what the story is now," he said.

A KSDK spokeswoman said air time for a 30-second spot can cost between \$700 and \$3,400, depending on the time the ad is aired. But she said she was not sure that the station sells 15-second spots.



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# Pierce TV ads called illegal

Republican candidate  
promoting others, chairman  
of state Democrats says.

By WILL SENTELL  
Jefferson City Correspondent

JEFFERSON CITY — The Republican candidate for Missouri auditor is airing television commercials that violate federal law, state Democratic Party Chairman Joe Carmichael said Monday.

Chuck Pierce, the GOP nominee, said the ads don't violate campaign laws.

Carmichael said Pierce is running 30-second TV spots in St. Louis that include just 15 seconds for Pierce. The second 15 seconds consists of alternating messages for two other Republican congressional candidates, 9th District Rep. Kenny Hulshof of Columbia and 3rd District nominee William I. Federer of St. Louis.

Such ads violate federal law, Carmichael said, because they amount to contributions to the congressional candidates that exceed the \$1,000 limit.

He said Pierce also violated Federal Election Commission rules by failing to register as a political committee that contributes to federal candidates.

Carmichael said party officials filed complaints with the FEC and Federal Communications Commission against Pierce, Hulshof and Federer.

Pierce said FCC officials are aware of the ads, which he said are relatively common nationwide.

While the FCC is expected to look into the allegations, an FCC official said Monday it is too early to make any preliminary judgment.

KC Star 10-27-98

RECEIVED OCT 27 1998

## From 208line's Wire Democrats complain about GOP ads; Republicans say all's legal

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10/26/98 06:26:32 PM

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JEFFERSON CITY, Mo. (AP) -- Three Republican candidates have agreed to share TV advertising time in the election's closing days, a practice that Democrats charged Monday violates federal laws.

The GOP campaigns said the arrangement is legal. One said Democrats were "too stupid" to use the practice to stretch their own advertising budgets.

Democratic State Committee Chairman Joe Carmichael said the practice is an apparent violation of federal laws limiting amounts that may be contributed to congressional campaigns.

Here's how the 30-second ads work:

Chuck Pierce, the Republican nominee for state auditor, appears in 15 seconds of the announcement, with a disclaimer as required by law stating that Pierce's campaign paid for that segment of time.

The balance of the ad is a pitch for either U.S. Rep. Kenny Hulshof, seeking a second term in the 9th District, or William Federer, the GOP nominee in the 3rd District. The required disclaimers for their campaigns also appear.

Carmichael noted that most TV stations sell a 15-second announcement at upwards of 60 percent of the rate for a 30-second ad -- meaning it's more expensive to run the shorter commercial.

But the GOP campaigns each bought 30-second ads, then agreed to maximize the number of times their candidates' messages appear on the tube.

That's accomplished by each congressional candidate exchanging 15-second chunks of air time with Pierce's campaign. That gives the campaigns the same total amount of air time, but double the frequency of TV appearances.

Carmichael said legal questions arise because it's illegal to provide an advance donation to a congressional campaign, especially in excess of the \$1,000 limit on contributions.

The Democratic chairman asserted that the amounts saved by the congressional campaigns in using Pierce's 15-second chunks of time rather than buying the shorter ads outright should count as a contribution from Pierce.

"The public has a right to know who's paying for this ad," Carmichael said. "If you have somebody like Chuck Pierce who wants to be Missouri's watchdog as state auditor, you wouldn't expect him to violate finance laws."

Frank Ybarra, Pierce's campaign manager, said Democrats were raising a phony issue to divert attention from Democratic nominee Claire McCaskill's lack of credentials as a certified public accountant.

Both Ybarra and Eric Feltner, campaign manager for Hulshof, said the St. Louis stations running the ads were told by the Federal Communications Commission that they had to accept the combined spots.

"It stretches our dollars and allows Kenny to be on St. Louis television more," Feltner said.

He and Ybarra declined to discuss the specifics of the arrangement because, Feltner added, "we don't want to give the Democrats ideas they are too stupid to come up with on their own."

Steve Boriss, campaign consultant for Federer, said his candidate agreed to the split ads when the idea was pitched by a Washington, D.C., advertising agency that works for Pierce and the other candidates.

Hulshof is challenged by Democrat Linda Vogt and Federer is running against House Minority Leader Dick Gephardt.

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